

## MINUTES

**December 18, 2014**

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Thursday, December 18, 2014, at 3:25 p.m. in the second floor conference room of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

## CALL TO ORDER

The meeting was called to order at 3:25 p.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President  
Chris Black, City Finance Director

ABSENT: Michael White, Trustee

**STAFF:** Linda Wlaznik, Pension Investment Accountant      Judi Yehling, Recording Secretary

GUESTS: Attorney Carolyn Clifford, Ottosen Britz  
Clark Koertner, Segall, Bryant & Hamill

**I. PUBLIC COMMENT -- None**

## II. MINUTES

- The November 20, 2014, minutes of the regular meeting were presented. Alan Granite made a motion to approve the minutes as presented and Chris Black seconded the motion. A roll call vote was taken:

**Ayes:** Alan Granite Tracy Renfro  
Chris Black Jim Strey

**Absent:** Michael White

**Nays:** None

### III. APPROVAL OF APPLICATIONS/PENSION CHANGES

- The following is a list of individuals who are eligible for their first pension increase:

<b>Name</b>	<b>Effective Date</b>	<b>Increase</b>	<b>Current Monthly Pension</b>	<b>Increase</b>	<b>New Monthly Pension</b>	<b>New Annual Pension</b>
Meyer, James	12-1-14	3%	\$5,094.13	\$152.82	\$5,246.95	\$62,963.40
Fuca, Frank	12-1-14	3%	\$5,676.28	\$170.29	\$5,846.57	\$70,158.84
Hominick, Roger	12-1-14	3%	\$5,175.62	\$155.27	\$5,330.89	\$63,970.68
Lund, Donald	12-1-14	3%	\$4,694.30	\$140.83	\$4,835.13	\$58,021.56
Plantz, Rick	12-1-14	3%	\$4,830.58	\$144.92	\$4,975.50	\$59,706.00
Morse, Daniel	12-1-14	3%	\$5,481.45	\$164.44	\$5,645.89	\$67,750.68
Martini, Charles	12-1-14	3%	\$7,158.06	\$214.74	\$7,372.80	\$88,473.60
Ketton, Kenneth	12-1-14	3%	\$5,175.62	\$155.27	\$5,330.89	\$63,970.68

Tracy Renfro made a motion, seconded by Jim Strey, to approve the pension increases as presented. A roll call vote was taken:

**Ayes:** Alan Granite Tracy Renfro  
Chris Black Jim Strey  
**Absent:** Michael White  
**Nays:** None

#### IV. DISBURSEMENTS

- Alan Granite made a motion to approve the December payroll of \$1,316,091.10. Chris Black seconded the motion. A roll call vote was taken:

**Ayes:** Alan Granite Tracy Renfro  
Chris Black Jim Strey  
**Absent:** Michael White  
**Nays:** None

- Invoices totaling \$32,079.27 were presented as shown in the warrant packet. Chris Black made a motion to approve the invoices as presented in the warrant packet. Tracy Renfro seconded the motion. A roll call vote was taken:

**Ayes:** Alan Granite Tracy Renfro  
Chris Black Jim Strey  
**Absent:** Michael White  
**Nays:** None

#### V. CASH & INVESTMENTS

- Clark Koertner of Segall, Bryant & Hamill presented their report for the year:
  - Segall Bryant is one of the fixed income managers for the Fund who has offices in Chicago and St. Louis and \$9.6 billion under management. While they have moved offices recently there have been no changes in staff and Marquette has already vetted the office.
  - Commenting on the market in general, Koertner said that it has been “interesting” and while there has been a lot of stimulus since 2008, there will be a quantitative easing which they believe will be done next year.
  - Page 5 shows the current Fund balance at \$23 million which puts it in positive territory despite some cash withdrawals and a third quarter which “has not been great for bonds.” They’re up 30 basis points for the year. They have shown consistent growth beating the benchmark YTD.
  - Per page 7, currently the portfolio is slightly overweight to mortgages and in the corporate market; finance is the lowest performing sub-sector. The market is already starting to price in the quantitative easing not being there.

- Koertner pointed out that while the yields shown on page 8 are one of the lowest, they have one of the best returns. Their philosophy is to underweight treasuries and overweight corporate bonds and mortgages. In 2008 when the credit market struggled they actually outperformed significantly because of the high quality corporate bonds held. In 2009 the stimulus comes in and corporates really performed well.
- Currently they are investing in industrials and utilities and are underweight in financials as shown on page 9.
- Following the presentation, Mike Piotrowski commented that Segall Bryant has not changed how they are managing the portfolio. Their corporate bond exposure is a little less, and they are not betting on interest rates and have a neutral duration.
- Mike Piotrowski presented Marquette Associates' Report on status of the Fund as of November 30, 2014:
  - Current value of the Fund is \$1.57 million and continues to be slightly overweight to U.S. equities and real estate.
  - The Fund is up 1.2% for the month and 6.3% year to date, and yesterday the market was up another 2%. Fixed income and real estate have been the best performers with equities struggling.
  - There have been no material changes in the portfolios. Manning & Napier did well in November, and they will continue to monitor their performance.
  - The portfolio will require some rebalancing so that there is at least 35% in fixed income and cash to be in compliance with the Illinois Pension Code. The recommendation is to raise \$1.7 million in cash which will cover cash needs for the month and provide a "little buffer" which will put the portfolio back in compliance with state statute. The recommendation is to take it from Vanguard Value, Institutional and REIT funds at \$600,000, \$600,000 and \$500,000 respectively. This will put the Fund in compliance now, and they will continue to monitor this until the end of the year.
  - A second recommendation is to move \$2 million from Fiduciary Small Cap Value fund to Vanguard Mid-Cap Index due to the allocation.
- Alan Granite made a motion, seconded by Tracy Renfro, to follow the recommendation to raise \$1.7 million for cash needs to keep in compliance with the statute by taking \$600,000, \$600,000 and \$500,000 respectively from Vanguard Value, Institutional and REIT funds for cash needs. A roll call vote was taken:

**Ayes:**        Alan Granite     Tracy Renfro  
                   Chris Black     Jim Strey

**Absent:**     Michael White

**Nays:**        None

- Chris Black made a motion, seconded by Tracy Renfro, to move \$2 million from Fiduciary Small Cap Value fund to Vanguard Mid-Cap Index fund: A roll call vote was taken:

**Ayes:**        Alan Granite     Tracy Renfro  
                   Chris Black     Jim Strey

**Absent:**     Michael White

**Nays:**        None

- Records of purchases and sales were distributed.

Jim Strey made a motion, seconded by Chris Black, to approve the purchases and sales for the month. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Tracy Renfro
	Chris Black	Jim Strey
<b>Absent:</b>	Michael White	
<b>Nays:</b>	None	

## VI. OLD BUSINESS

- The DOI audit is in progress. It was noted that the DOI did recently send out audit follow-ups after the election to some funds.
- Attorney Clifford has sent a letter to Mike McCallips attorney indicating that we did receive the application for disability but the authorization was missing. So far she has received no reply on the release, and nothing further can be done until that is received and all communications need to go through his attorney.

Attorney Clifford distributed the draft Findings and Decision on Barry Fitz's disability hearing to the Board members for review prior to the meeting and has prepared a letter to the Chief on why it was not a unanimous decision citing the need for job descriptions that reflect the demands of the job and documentation of light duty definitions. Alan Granite made a motion, seconded by Jim Strey, to approve the Findings and Decision in the disability hearing of Barry Fitz as presented. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Tracy Renfro
	Chris Black	Jim Strey
<b>Absent:</b>	Michael White	
<b>Nays:</b>	None	

Attorney Clifford will send the letter to the Chief over her signature.

## VII. CLOSED MEETING – None required.

## VIII. NEW BUSINESS

- A motion was made to give Judi Yehling a stipend of \$300.00 for secretarial services.

Tracy Renfro made a motion to approve the stipend as presented. Jim Strey seconded the motion. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Tracy Renfro
	Chris Black	Jim Strey
<b>Absent:</b>	Michael White	
<b>Nays:</b>	None	

Linda Wlaznik explained that three nominations to fill Jim Strey's position on the Board as a retired member had been received from the retired members. However, one was for an active member and the two retired members declined the nomination. Accordingly, nominations will be

now be opened to active members. The retiree position will go out to active members for nominations for Strey's one-year unexpired term which is up in 2016 and will go again in 2016 to the retirees. Tracy Renfro's three-year term expires in April and nominations will be solicited for that separately. Linda Wlaznik will set up an accelerated timeline and draft a letter which she will give to Tracy Renfro for the nominations and election.


#### **IX. ADJOURNMENT**

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 4:15 p.m.

Next regular meeting is January 15, 2015, at 3:00 p.m.

Signed:

Prepared by:

  
\_\_\_\_\_  
Tracy Renfro, Secretary

\_\_\_\_\_  
Judith Yehling, Recording Secretary

2/19/15  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

*Approved by the Board of Trustees at its January 15, 2015, meeting.*